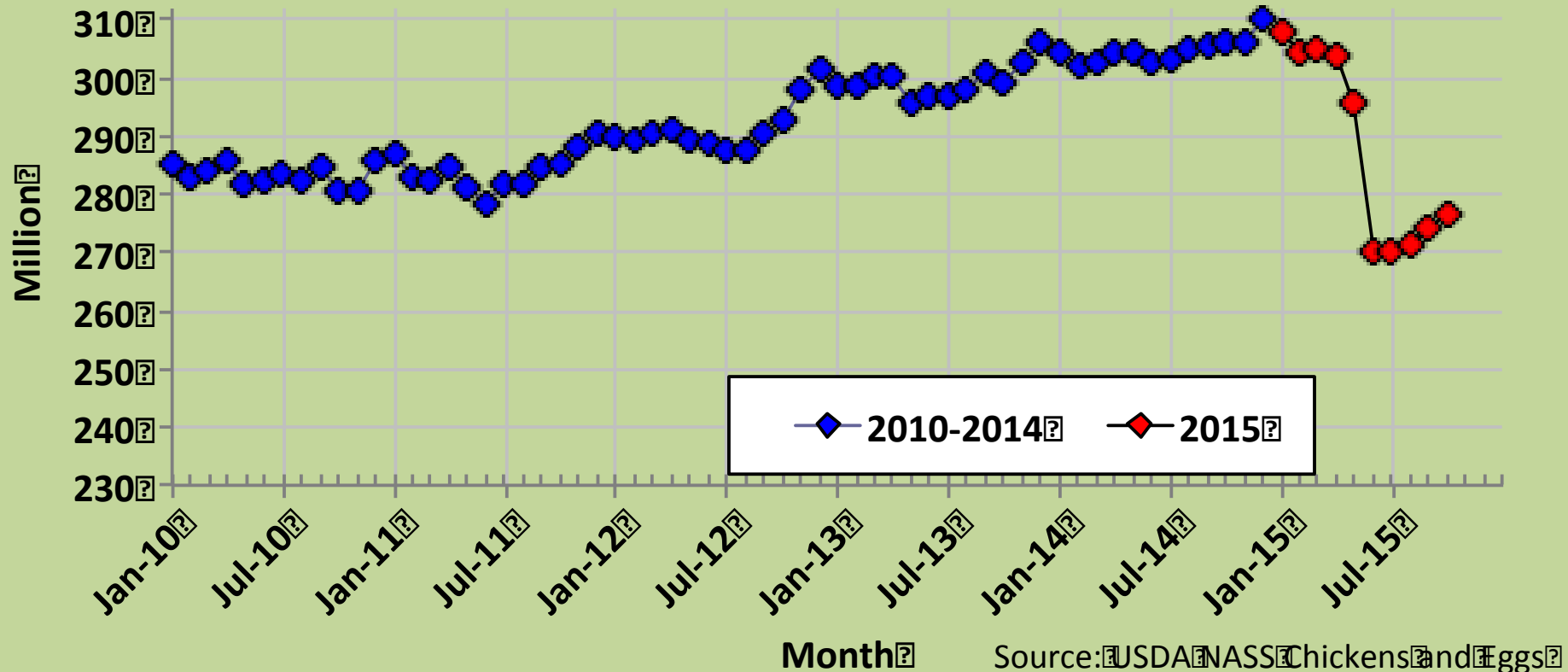


Economics of the Iowa HPAI Outbreak

John D. Lawrence, Associate Dean, CALS and
Director, Ag and Natural Resources Extension

Maro Ibarburu, Egg Industry Center

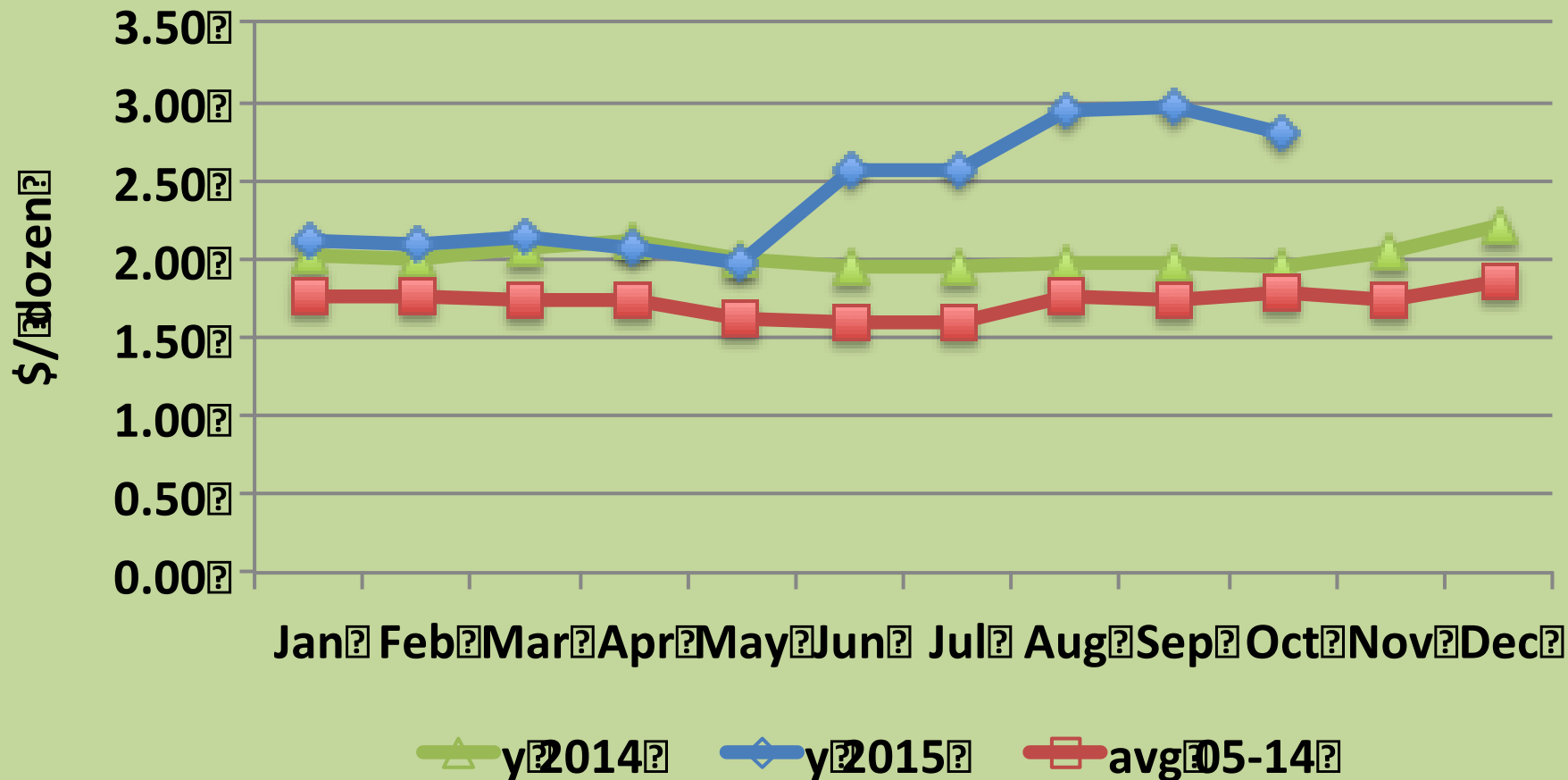
U.S. Table-Egg Layers on 1st of the Month (2010-2015)



Percent change in number of layers w.r.t 2014:

- Jun-Aug ~ 11%
- Sep-Oct ~ 10%

Retail Price Large White Eggs

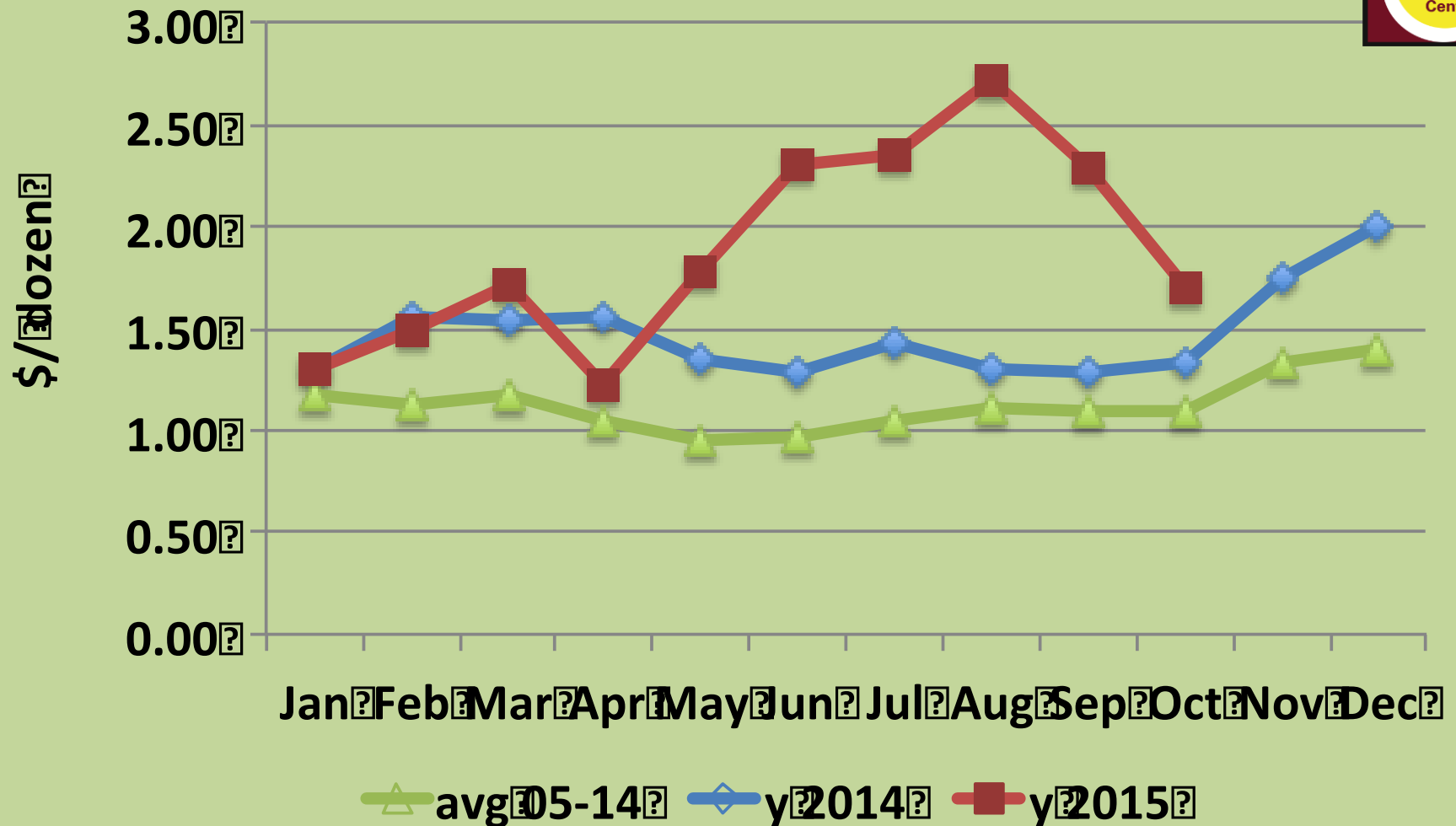


Source: Bureau of Labor Statistics

Change wrt last year:

May= -2%, Jun= +32%, Jul= +32%, Aug= +49%, Sep= +51%, Oct= +44%

Midwest LG White Delivered to Store Door



Source: Urner Barry

Change wrt last year:

May **+31%**, Jun **+80%**, Jul **+64%**, Aug **+110%**, Sep **+79%**, Oct **+27%**



Iowa Egg Producer Survey

- Egg Industry Center survey in early November
- 6 Iowa companies hit by HPAI
 - All 6 have multiple sites and some not hit
- 4 companies representing 14 million of the 24 million layers lost participated in the survey



Estimates from survey - DOWNTIME

- 7 months to start repopulating (min=4, max=8) – Fall 2015
- 20 months to end repopulating (min=4, max=24) – Spring 2017

Estimated number of eggs that are not going to be produced:

- 6.4 billion in IA (\$647 million at first processing)
- 9.3 billion in U.S.A. (\$943 million at first processing)



Estimates from survey - JOBS

- Iowa WFD reported 1683 direct jobs in 2014
 - Survey results extrapolated to six companies
 - 110,317 days of jobs lost
 - 461 employees were laid off
 - 205 employees had reduced hours
- } 27% of IWFD
40% in total
- A small number of employees left the surrounding community and others found new job opportunities – some temporary and some permanent.
 - The majority of the employees returned to their egg industry job after companies started hiring again.
 - One company made a decision to keep all employed

Estimates from survey - CLEANING

Companies cited that they hire additional labor, a contractor, or use existing employees to assist in the cleaning process on top of what USDA provided.

- 30,847 days of hired labor for cleaning
 - 168 months of FTE employments

Turkeys

- Growers are individual farmers without employees.
 - Little or no layoff, but loss of income to families
- Loss of income from manure sold as crop nutrients
- Processing facility reduced hours and payroll in Storm Lake



INFORMATION FROM USDA APHIS

- In terms of the average compensation, USDA APHIS have paid \$2.00 per chicken and \$11.70 per turkey. In addition, as of November 9th, USDA APHIS have committed \$200,728,722 in indemnity payments, and the total for indemnity plus response operations is \$802,268,999.
- As it relates to the economic impact—to date, U.S. feed and livestock producers combined, are estimated at the national level, to have a net loss of \$1.0 billion from the first quarter of 2015 through the fourth quarter of 2017, when markets would return to pre-outbreak levels. Also ending the fourth quarter of 2017, the total net impact to the United States is a loss of \$681.5 million.